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Cooperative Extension and Agricultural Profitability--

Intensive Assistance for
Financially Distressed Farmers

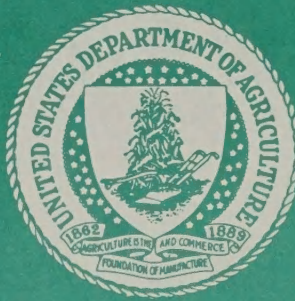
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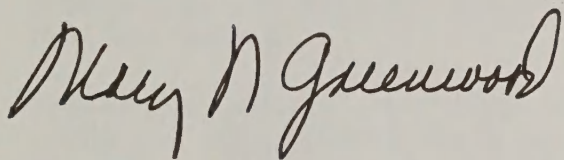
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FOREWORD

The following report delineates how the Cooperative Extension system is continuing to respond and adjust its programs across the Nation to deal quickly and effectively with the farm financial crisis and its subsequent impacts on American agriculture, farm families, and rural communities. Extension programs have shifted rapidly to provide farm families with intensive assistance on their financial problems and related health and stress problems. The survey data on which this report is based indicates that Extension programs will continue to expand still further in this area during the coming year.



Mary Nell Greenwood
Administrator

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COOPERATIVE EXTENSION AND AGRICULTURAL PROFITABILITY --
INTENSIVE ASSISTANCE FOR FINANCIALLY DISTRESSED FARM FAMILIES

INTRODUCTION

As America's farmers reap the bountiful harvest of 1985, many of them must now come to grips with the grim reality of the continuing financial crisis in agriculture. A large number of the Nation's 2.3 million farms now suffer some financial difficulties with many of them facing serious survival problems.

Stagnant crop prices, falling land values, and a disappearing export market are further compounded by stress-related family problems, including suicide and divorce. The foundations of rural America -- its farmers, families, communities and related businesses -- are all now impacted in some way by the farm crisis.

Across the country, the Cooperative Extension system with its network of state and county field staff is redirecting people and resources to respond to this crisis. Programs and resources focus on farmers, their families, rural communities, agribusinesses, and related social services and lending institutions.

The short-term target is to provide intensive assistance to almost one-third of the Nation's farm families in critical financial distress. The long-term objective of this integrated, multidisciplinary Extension approach is to improve profitability in agriculture.

NATIONWIDE SURVEY

An August 1985 nationwide survey of states indicates that the Cooperative Extension system continues to accelerate its efforts in responding to the immediate problems of those U.S. farm families who are facing severe financial problems. The survey covers 2 years from October 1983 to the present and provides estimates of need for intensive assistance in the coming year. Based on the estimates of Extension professional staff across the country, survey results reveal that:

95,600 farm families received intensive assistance* in the last 2 years in developing a revised farm business and financial plan. Of these families--

- 48 percent (almost half) plan to continue farming full-time
- 8 percent plan to make the transition out of farming
- 24 percent plan to farm part-time with supplemental income from off-farm sources.

* Intensive assistance as defined by the survey questionnaire is "when a farm family has been assisted in preparing or revising individual financial statements, cash flow projections, and/or a farm business plan of action that is expected to improve their financial affairs."

260,000 farm families (more than twice as many as have already received Extension assistance) need intensive assistance in the next 12 months.

63,525 farm families (about two-thirds) of those previously assisted need additional assistance in the next 12 months.

12 states provided hotlines with an estimated 18,000 calls received to date.

14 states provided counseling centers with an estimated 6,000 people assisted to date.

36,325 farm families were provided intensive assistance with major stress problems. However, it is estimated that Extension educational programs provided information to a total of 167,000 farm families on family problems such as health, marital instability, and stress problems which are related to financial crises.

15,600 agricultural professionals -- lenders, consultants, vo-ag teachers--received indepth training in how to provide intensive assistance to farm families with financial problems. These professionals used this training to provide intensive assistance to

- 80,000 farm families in the last 2 years. An estimated 96,000 more farm families will receive this type of assistance in the next 12 months from an additional 17,000 professionals who will be trained by Extension.

8,000 rural non-farm businesses and community organizations received intensive assistance in financial planning from Extension. The number needing this assistance in the next 12 months is estimated to be four times greater -- 32,000.

In approximately two-thirds (2,002) of the Nation's counties, Extension has provided intensive financial management assistance. Limited numbers of temporary personnel (about 300) and volunteers (about 130) are being used, but this number will increase substantially in the coming year.

Program delivery systems for each farm family include one or more of the following: one-on-one assistance, including farm visits; workshops; publications; preparing cash-flow projections; farm record analysis; and computer-assisted farm financial planning. The Minnesota-developed computer analysis program, FINPACK, is being adapted and used by 50 percent of the states. Program delivery systems for agricultural professionals and non-farm businesses and organizations include small group meetings, workshops, multimedia efforts, and related materials.

**Delivery Methods/Procedures Used To Assist
Financially Distressed Farm Families, By State (1983-1985)**

State	Delivery Methods/Procedures						
	One-on-One Consultation	Small Groups/ Workshops	Computer Analysis	Publications and Media*	Hot Line	Counseling Center	Other**
Alabama	XX	XX		XX			
Alaska		XX	XX				XX
Arizona	XX	XX					
Arkansas	XX	XX	XX				XX
California		XX	XX	XX			
Colorado	XX	XX		XX	XX	XX	
Connecticut	XX	XX	XX	XX			XX
Delaware	XX		XX				
Florida	XX	XX	XX	XX		XX	XX
Georgia	XX	XX		XX			
Hawaii	XX	XX					
Idaho		XX			XX		
Illinois	XX	XX	XX		XX	XX	XX
Indiana	XX	XX		XX			XX
Iowa	XX	XX	XX	XX	XX		XX
Kansas	XX	XX	XX	XX	XX		XX
Kentucky	XX	XX	XX	XX		XX	
Louisiana		XX		XX			
Maine	XX	XX	XX	XX		XX	XX
Maryland		XX		XX			XX
Massachusetts	XX	XX					XX
Michigan	XX	XX	XX	XX	XX	XX	
Minnesota	XX	XX	XX		XX		XX
Mississippi	XX	XX				XX	XX
Missouri	XX	XX	XX	XX	XX	XX	XX
Montana	XX	XX					XX
Nebraska	XX	XX	XX	XX	XX	XX	
Nevada	XX	(p)***					

*Includes publications, radio, TV, video and press activities.

**Other delivery methods/procedures include home study courses, working through lenders and other organizations, referrals, and personal correspondence.

***Planned

**Delivery Methods/Procedures Used To Assist
Financially Distressed Farm Families, By State (1983-1985) (Continued)**

Delivery Methods/Procedures							
State	One-on-One Consultation	Small Groups/ Workshops	Computer Analysis	Publications and Media*	Hot Line	Counseling Center	Other**
New Hampshire	XX	XX					XX
New Jersey	XX	(p)					XX
New Mexico	XX	XX		XX			XX
New York		XX		XX			
North Carolina	XX	XX	XX				
North Dakota	XX	XX	XX	XX		XX	XX
Ohio	XX	XX	XX		XX	XX	XX
Oklahoma	XX	XX		XX	XX	XX	
Oregon	XX	XX					
Pennsylvania		XX	XX	XX			XX
Puerto Rico	XX	XX					XX
Rhode Island	XX	XX					
South Carolina	XX	XX	XX	XX			
South Dakota	XX	XX		XX			XX
Tennessee	XX	XX					XX
Texas	XX	XX		XX			XX
Utah		XX					
Vermont	XX	XX	XX	XX		XX	XX
Virgin Islands		XX		XX			XX
Virginia	XX	XX		XX		XX	XX
Washington		XX		XX			XX
West Virginia		XX					XX
Wisconsin	XX	XX	XX	XX			XX
Wyoming		XX			XX		XX

*Includes publications, radio, TV, video and press activities.

**Other delivery methods/procedures include home study courses, working through lenders and other organizations, referrals, and personal correspondence.

***Planned

PROGRAMMING FOR THE LONG RUN

The intensive efforts described are equipping farm families to deal with the current financial crisis. Longer running programs are needed to enable American farm families to restore profitability to their farming operations. Proposed Extension efforts in this area incorporate systems approaches that utilize production, management and financial programs to focus on increased profitability. Such approaches may utilize the emerging CORNPRO, WHEATPRO, AND BEEFPRO programs and the existing Integrated Reproduction Management (IRM) and Integrated Pest Management (IPM) programs. FINPACK and other financial analysis programs help farmers to identify the most profitable enterprise combinations for their specific farm operations. Marketing systems and other computerized support packages are another important dimension that must be considered. This systems approach will involve multidisciplinary teams with the goal of working with farm families on specific problems.

HIGHLIGHTS OF EXTENSION ASSISTANCE PROGRAMS

Due to a combination of factors -- including adverse weather, decreasing prices, fewer wheat and grain exports, and sharp decreases in land values -- farm families in the Midwest and Northern Plains are still the most severely impacted by the farm financial crisis. But survey data from other regions indicate that the problem is intensifying nationwide.

Most state Extension Services provided accounts of specific examples of intensive assistance to farm families. These range from helping farm families develop alternative financing arrangements...to helping with plans to move out of farming...to assisting with plans to improve current financial management. Space does not permit including all these accounts in this report, but some representative examples appear in the following section.

MINNESOTA

The average earnings of full-time Minnesota farmers dropped to a new 30-year low in 1984. Minnesota is losing a higher percentage of farms than the national average. In mid-1985, it was estimated that there were 5,000 fewer Minnesota farm operators than a year earlier--the largest drop in the Nation. However, there is little chance outside the Twin Cities area for off-farm employment.

About one-third of Minnesota farmers have significant cash flow problems. Approximately 25,000 farm families have or have had a strong need for assistance in revising their farm financial plans. Minnesota Extension reached approximately 15,000 farm families during June and July of 1985 alone through existing farm financial programs and a special program--Project Support.

Project Support is a program for farm families who need financial planning, stress management, and support. It is designed for farm families in three areas: families who have recently left farming or will shortly do so; farm

families who need help in analyzing their short-term financial situation and might leave farming, and farm families who will continue to farm. The goal of Project Support is prevention--which means trying to reach farm families before they become distressed financially and emotionally.

Minnesota recently established a telephone hot line to assist financially distressed farm families. During the last 6 months Extension handled over 6,000 calls.

Minnesota's computerized financial management program, called FINPACK, assists farmers in crucial management decisions, including: long-range planning, monthly cash flow projections, crop and livestock alternatives, end-of-the-year analyses, and trend projections. FINPACK is now in use in 25 states nationwide. Minnesota Extension also trained county Farmers Home Administration staff to use the program.

Since December 1984, a new Farm Financial Management Center has provided educational programs for farmers and those who serve them. The new center brings people and resources together from across the country for training and development of practical tools for Extension's use in future farm financial management educational programs. Development work on the FINPACK program was a first project of the Center.

MICHIGAN

Michigan Extension has approached the farm financial crisis with an intensive system of counseling and assistance, including the development of video and audio tapes on Family Communication During Stress and Crisis. Extension Management Assistance Teams (EMATs) have provided comprehensive assistance to over 200 farm families since January 1985. Teams consisting of district farm management agents, agricultural agents, and home economists meet with distressed families identified by county staff. The EMATs work with the entire family to develop strategies for managing in times of crisis.

For example, an EMAT augmented by an Extension beef specialist and crop specialist visited a farm in crisis, spending a day reviewing the facilities and analyzing the family situation. The team developed a plan for the farm which identified strengths and recommended changes. This report recommended the transfer of debt for better terms, change in crops, computer cash flow analysis, and off-farm employment. Follow-up with the family showed they had implemented the recommendations including refinancing the loan, the wife returning to work, the husband obtaining part-time employment, and crop rotation. The family was positive about the EMAT and the solutions they had worked together to develop.

Other Michigan farm families have benefited from Farm Cash Flow Workshops and computer assisted financial management strategies developed by Michigan Extension. Overall, over 1,500 families in crisis have been assisted by Extension.

IOWA

With agriculture comprising 80 percent of the state's economy, the farm crisis situation in Iowa continues to worsen. Thirty percent of the farmers have a 70 percent or more debt-to-asset ratio. Many desire off-farm employment, for themselves or family members, but opportunities are limited and declining as agribusinesses suffer financially along with farmers.

Iowa Extension is directing approximately 45 percent of its programs and resources to cope with the continuing farm crisis. In addition, the State of Iowa provided \$200,000 extra funding to Extension in FY 1985 for work with the financial crisis.

Iowa Extension's ASSIST program continues to help farmers, 8,000 of whom have been reached thus far, in analysis of options for servicing debt, cash flow, and work with lenders. Over 10,000 Iowa families have learned to deal with the stress generated by financial problems by using a home study course on stress management. Similarly, 4-H is training staff to recognize and deal with stress in young people.

The Rural Concern hot line was established by the governor and is managed by Extension. FmHA has contributed \$75,000 toward funding this service, and other state and private sector sources are also providing funds and support. More than 40 calls per day are received over the hot line from stressed farm families. Home Economics Extension has informed and involved community leaders in helping farm families in crises. More than 1,200 copies of "Farm Families Facing Economic Hardship--The Emotional Needs of Those at Risk," have been distributed at community meetings.

Iowa has worked intensively with 3,500 agricultural lenders and professionals (lawyers, clergy, social workers, teachers) and 2,000 non-farm businesses and organizations to train people to work with financially distressed farmers. In turn, these groups have worked with approximately 25,000 of the state's farm families on financial and stress-related problems. Extension has assisted in development of community resource committees in two-thirds of Iowa's counties. Self-help and peer counseling groups exist in half the counties with linkages statewide. Iowa is developing new programs to address the ripple effects now impacting local communities because of lowered retail sales, non-payment of taxes, and out-migration. Local business management, economic and leadership development are emphasized.

ILLINOIS

The 1984 labor and management income for Illinois farm cooperators averaged a minus \$6,973 which compares to \$6,465 for 1983. The data, published in the 1984 Summary of Illinois Farm Business Records, comes from farm business records of 7,842 Illinois farms. This makes the fourth consecutive year that Illinois farmers have shown a negative return. It is expected that about one-half of Illinois farms will not generate enough income in 1985 to maintain their net worth.

Illinois Extension estimates that during the past 2 years, 30,000 farm families have had or continue to have severe financial problems and have a strong need for assistance in revising their individual farm business and financial affairs. Illinois Extension has provided extensive assistance to approximately 5,000 families. About 2,000 of these farm families will need further assistance in the next year, while about 10,000 families not previously assisted will require help in developing revised financial plans.

A special project--Rural Route--provides intensive educational assistance in financial planning and management to farm families. The Illinois project consists of two primary features: (1) a toll-free, hot-line telephone service, and (2) confidential farm financial counseling.

Approximately 700 farm people have used the hot-line service. Calls to the hot-line are referred to field counselors who provide one-on-one counseling. Approximately 200 field staff are trained in farm financial analysis. Two farm financial counseling centers coordinate counseling activities for two large sections of the state--Western and Southern Illinois. The centers have assisted approximately 1,200 persons.

NEBRASKA

Nebraska farmers carry the highest debt-to-asset ratio in the United States. Financial stress is the major problem of most farm families. Since October 1983, Nebraska estimates that 30 percent of these families have had or presently have severe financial problems and are in need of farm financial assistance. During this time Nebraska provided intensive assistance to more than 1,627 farm families in developing revised individual farm business and financial plans. Of these families, about 1,387 received assistance in developing a plan which most likely will enable them to continue farming full time. Nebraska estimates that 10,000 additional farm families will require assistance with their financial plans between now and September 1986.

Managing for Tomorrow -- This financial management program for farmers and ranchers integrates microcomputer analysis of the present business situation with economic projections for the future. The program combines 20 hours of group training with 12 hours of individual consultation. Farm couples pay a \$200 user fee to participate. Approximately 600 couples enrolled in 34 workshops held late 1984 and early 1985. More participants are expected in late 1985 and throughout 1986.

Counseling Centers and Hotlines -- Nebraska Extension assisted approximately 450 families in Farm Financial Counseling Centers open from February to April 1985. Located at the five Nebraska Research and Extension Centers and at other strategic locations throughout the state, the centers focused on borrowers from commercial banks, production credit associations, and the Federal Land Bank who needed immediate assistance. Farmers could access the centers through their local county Extension office or by calling the toll-free Farm Financial Information Line.

NORTH DAKOTA

Approximately one-third of North Dakota's farmers are experiencing serious cash-flow problems. Since October 1983, Extension has provided intensive assistance to 4,500 of these farm families in developing farm business and financial plans. Extension assisted another 450 farm families who developed a plan which involved some family members working off-farm; another 450 farm families were aided in making a transition out of farming. About 4,500 farm families sought help with major stress problems, and 700 farm families visited 56 Counseling Centers in the last 10 months. A "Tools for Profit and Survival" Kit is used extensively by North Dakota Extension in financial management workshops. The kit includes instructional materials, such as a balance sheet, income statement, cash flow budget and market plans to evaluate a farm's financial situation.

Another North Dakota farm management program -- the Farm Financial Analysis Service -- provides one-on-one assistance to farmers who need additional instruction in completing a thorough financial analysis of their farms -- 56 farm analysts now work across the state in this effort. Extension provides intensive assistance to volunteers from the community such as agricultural lenders, consultants, vocational agricultural teachers and other professionals to assist in reaching and teaching farm families. For example, 160 of these leaders were trained in 1985 and an estimated 50 more will be in 1986. North Dakota estimates that another 1,200 farm families will need intensive assistance from now through October 1986.

MISSOURI

Missouri leads the Nation in the number of farm bankruptcies. Since October 1983 almost 27,000 farm families across the state have experienced or are experiencing severe financial problems. During the last 2 years, Missouri has provided intensive assistance to approximately 2,700 families in developing revised individual farm business and financial plans. About 90 percent of those helped require further assistance. An additional 3,000 farm families will need assistance in developing plans during the next year.

Missouri provides farm families with financial management guidance and information through the following programs:

MOFARMS -- Missouri Financial Advisory Resource Management Support is a joint project of Extension and the Missouri Department of Agriculture. The Extension-trained farm financial consultants and home economists work with families to: identify strategies for coping with financial stress, review their current financial situation, develop an individualized financial plan, and explore alternatives to farming through vocational assessment referrals. The MOFARMS Referral Center received 633 calls for consultant assistance during the first 6 months of the program. Calls have come from 94 of Missouri's 114 counties.

Community Support Networks -- This program mobilizes resources of agencies, institutions, and volunteer groups, educating them about the farm financial situation and encouraging them to extend their services to needy local farm families.

Educational Programs -- Financial Management Seminars are targeted at agricultural lenders and the development of agriculture finance clubs for farmers. Extension staff also assist farm family members in identifying marketable skills, finding off-farm job opportunities, preparing resumes, resume preparation, and related topics.

NORTH CAROLINA

Although North Carolina has not experienced the intensity of financial distress that many other states have, more farmers are now beginning to suffer serious financial difficulties. Extension is currently mobilizing its resources to better address these needs. In North Carolina, agriculture is the leading income producer behind tourism, bringing in \$4 billion a year. With approximately 6 to 8 percent of the state's farmers expected to go under this year, rural communities are also jeopardized because of their strong dependency on agriculture and textiles, both now troubled industries.

Since October 1983, North Carolina estimates that some 2,250 farm families have received intensive assistance in developing revised farm business and financial plans. Extension also provided intensive training to an estimated 1,000 agricultural lenders, consultants and other professionals who in turn worked with 4,000 distressed farm families. Managing for Tomorrow, a farm crisis program focusing on financial decisionmaking, and farm family stress, family home expenses, and community resources, will reach families in 50 North Carolina counties in 1985 and '86.

Marketing '85, an important Extension education program, focuses on agricultural futures, hedging strategies, forward pricing, and agricultural options. Extension held 12 workshops with over 1,000 farmers, lenders, and others attending. Extension staff are also working with farmers to reduce costs of production, and have identified over \$.5 billion in potential savings. North Carolina installed a new hot line staffed by former Extension workers for farmers to call on farm management issues with referrals to other agencies where appropriate. The first Extension counseling centers are planned for next year with employment of 25 temporary counselors. North Carolina estimates that 25 percent of its resources will be directed to the farm crisis in 1986.

VIRGINIA

Financial difficulty is a growing problem for farmers in all parts of Virginia. Extension farm management agents are responding to requests for individualized assistance from farmers, county Extension agents, ag lenders and suppliers. Volunteers, trained in financial evaluation and stress management, assist farm families in assembling the necessary information about their farm business in order to complete a thorough business and financial analysis.

Records technicians--part-time employees--promote and assist recordkeeping efforts of farm families as they develop strategies to deal with their current financial situations. Participants in this recordkeeping program meet in groups to learn about farm business and financial management. In addition to the group meetings, families are assisted individually by the records technicians, county agents, and farm management agents.

To strengthen the financial analysis efforts and skills of Extension personnel and those non-Extension people involved with farm families, Virginia provides training sessions in farm financial analysis. Information on psychological stress is also offered.

TENNESSEE

In the last 2 years, Tennessee Extension estimates that between 25,000 and 30,000 farms families have been severely effected by the farm crisis. During that period, Extension intensive assistance has helped an estimated 4,000 farm families revise their individual farm business and financial plans. Of that number, it is anticipated that nearly 2,050 will continue farming on a full-time basis, nearly 1,375 families will combine off-farm work to stay afloat, and about 435 will leave farming entirely.

Well over one-fourth of the farm families assisted were also counseled for major stress problems. Tennessee estimates that an additional 24,430 farm families in the state will need help in revising financial plans between now and October 1986. In the past 2 years, Extension trained over 430 Tennessee agricultural lenders, consultants, and other professionals who, it is estimated, have assisted some 5,000 families--and Extension plans to train another 200 non-Extension people in the next year.

Small farm families are hardest hit in the state. One dairy farm family in mid-state was under tremendous financial pressure. The father of the family had died about 6 years ago leaving a substantial debt load for the 130-cow dairy herd farm. His widow and son, now managing the operation, lacked about \$40,000 per year to make their operation successful from a cash-flow basis. The local Extension agent worked with them in developing alternate plans. The herd size was reduced to 80 cows to match the land resource base, and other necessary changes made. The result was a \$30,000 improvement in the cash-flow position with more adjustments planned.

TEXAS

Of the more than 7,450 Texas farm families in severe financial stress, over 5,700 have received intensive assistance from Extension. Of those helped, 1,865 will be able to continue full-time farming, and 3,785 will seek off-farm work to supplement income from farming and ranching. Only 100 plan to leave farming. Texas is devoting 30 percent of its resources to programs designed to help farm families deal with specific financial problems.

Extension staff estimate that more than 11,100 additional Texas farm families will need help in developing revised financial plans in the next year, while 3,785 of those already assisted by Extension will require further aid.

In cooperation with the Texas Department of Agriculture, Texas Extension (1890 and 1862) continues to hold workshops specifically for Hispanic farmers in southeastern and central Texas and Black farmers in central and northeastern Texas. Subject-matter of the workshops, at which all ethnic groups are welcome, includes: land retention, marketing farm products, farm loans, lending agencies, loan security program, and assistance available from agencies and organizations.

The major objective of the Texas Intensified Farm Planning Program of 1890 Cooperative Extension is to enable farm families to increase agricultural income through intensive educational assistance in agriculture production, management, and marketing. In 1 year, over 1,050 small farmers received intensive one-on-one assistance. In addition, over 2,000 distressed rural homemakers learned money and meals management. Microcomputer courses are scheduled for the next year for farmers, ranchers, and agribusinesses. Extension, with several cooperators, also conducted workshops aimed at introducing small farmers to new, innovative small-farm management techniques. Another project involves teaching the establishment of new farmers markets statewide through one-on-one contact and group sessions.

WYOMING

Approximately 10 percent of Wyoming's 5,650 farms and ranches are now insolvent and will be phased out of agriculture this year, a state survey estimates. With 80 percent of agricultural cash receipts from livestock and a troubled industry statewide, ranching areas have been the hardest hit.

Wyoming Extension educational efforts are influenced by distances in most of their 23 counties, and all county offices are involved in providing intensive assistance to farm and ranch families. Agents are working with people who saw Wyoming's farm and ranch incomes dropping faster than in any other state from 1973-1982, and who now face a 1984-85 "close out time" as farm and ranch foreclosures increase.

Even with the distance factor, Extension workshops in financial management, recordkeeping, cash flow, and other management skills are well attended. An ongoing series of 10 workshops in the fall and spring for young farm couples is one example. A regional workshop emphasis is planned for crisis assistance in 1986, as well as increased small workshops and one-on-one counseling. Extension developed a software package that bankers and other lenders are using to assist farm families in budget and financial analyses. Extension also held a "Holistic Ranch Management" workshop with emphasis on hands-on computer sessions and farm financial crisis subject-matter.

MONTANA

About a third of Montana's 23,570 farms and ranches carry debts exceeding 40 percent of their assets. In the past 2 years, Montana Extension staff have worked intensively with over 3,600 of the 5,400 farmers and ranchers considered to be in severe financial trouble. Of those helped, perhaps 89 percent will be able to continue farming full-time. Nearly 3 percent will leave farming, and 26 percent have or will get off-farm work to supplement farm income.

Extension efforts have involved: farm management workshops emphasizing financial management and forward planning; financial management workshops stressing financial management and debt restructuring, consulting one-on-one with individual families; and training of staff in other institutions, such as mental health centers, banks, and schools to enable them to counsel distressed farm families.

Extension's intensive training since October 1983 for agricultural lenders, consultants, vocational agricultural teachers, and others has enabled roughly 500 individuals to work with nearly 2,300 farm families. They will work with an estimated 1,800 more families within the next year. In one case, a county agent and a farm management specialist worked with a struggling young dairyman who faced nine major creditors, and enabled him to restructure his debt and save his operation.

MAINE

All 16 counties in Maine are involved in giving intensive help to farmers and communities in 1985. Maine estimated that 1,005 farm families now have severe financial problems and a strong need for assistance. Extension has provided that kind of help to 206 families in the past 2 years. During the same period, Extension trained agricultural lenders, consultants, and other professionals to better assist farm families. It is estimated that those who received this intensive training have helped some 938 additional farm families.

Intensive educational efforts include visits and consultations with families either on their farms or in the Extension office; individual financial assistance by telephone discussion of problems; organized problem-solving sessions with farmers in small groups; a 10-part correspondence course on farm tax management; and a consultant/task force method where the consultant on invitation visits a farm family, with Extension follow-up by appropriate individuals and/or groups. Often Maine farm families suggest that Extension's main contribution, besides technical assistance, is helping the family keep up their courage and deal with day-to-day stresses.

Extension financial management education focused on the dairy sector in 1984. About 45 percent of the state's dairy producers attended three area information meetings, and a new Maine Dairy Crisis Management program was established. Looking ahead to 1986, Maine Extension plans an increased use

of microcomputer software; more efforts for non-farm small businesses; more educational publications; and a more intense effort in marketing, management, and control of internal costs.

VERMONT

Financial problems and pressures, particularly in the dairy economy, have resulted in an estimated 1,000 Vermont farm families suffering severe financial stress during the past 2 years. Of this number, Extension has provided intensive help to 205 families, assisting 100 of the families with major stress problems. Of the total group, 112 farms will probably continue farming on a full-time basis, 40 will combine some off-farm work, and 30 will make the transition out of farming. On-farm counseling, workshops, and computer programs provide direct help to farmers; mass media (newsletters, radio, newspapers) are filled with general financial items, and classes are conducted with Farmers Home Administration (FmHA) participation. Where volunteers have become involved, they have included the legal community, and all this activity is expected to increase in 1986.

With the farm business complexities of the 1980's, Extension farm managers at the county level used a team concept in Vermont to assist many farm families. The team included Extension professionals, usually a FmHA representative, and various local business owners. Although often overlooked, the need for legal counsel is critical to develop wise business decisions in the farm operation and market. Extension surveyed farmers about how they use legal services and their priority of legal problems. Involved attorneys have agreed to work through the Extension agent to help individuals define legal problems. A legal education series for farmers in early 1986 will focus on estate planning and lease/credit contracts.

Financial stress on many family dairy operations also brings on personal stress. The Extension home economist in Addison County conducted a mail survey in June 1985, with follow-up contact to develop a support group. The newly formed Farmers Support Network is a group of trained local volunteers who can provide a resource of support and reassurance for farm women. In the future with a much expanded group, professional resources will be employed to introduce concepts regarding strengthening inter-personal relationships and the management of the farm business.

EXTENSION SERVICE, USDA

At the federal level, Extension Service, USDA, continues in its national leadership role through development and funding of several regional and national workshops, projects, and programs. Several of these are:

. Eighteen Intensive Efforts -- FY 1985 appropriations of \$1 million funded 18 intensive efforts involving 22 State Extension Services to implement changes for improving the present situation of financially distressed farmers. Key factors in state project selection were number of farmers targeted and magnitude of the farm crisis. Projects include cooperative involvement of FmHA and other agriculture lenders, financial

management workshops, one-on-one counseling to prepare revised financial plans, local community involvement and support, computer decisionmaking packages, counseling centers and hotlines, multi-media education and awareness, and evaluation of program impact and changes made by farm families.

- . North Central Region Stress Management Project -- Extension family life specialists are actively involved with farm families in developing teaching modules to answer needs in stress management which these families identified in a recent survey. Extension Service-USDA, is funding this special needs project in 5 states -- Iowa, Michigan, Minnesota, Missouri, and Nebraska -- with a \$50,000 grant. Educational materials, including videotapes, slides, and teaching aides have been tested with farm families and are being made available for sharing with other states in the region and Nation.

- . Additional Special Projects -- Other special projects funded by Extension Service, USDA, include: North Dakota--training financial management consultants; Nebraska--to assist the "Managing for Tomorrow" program; Minnesota--to establish the Farm Financial Management Center, and Texas--to assist financially distressed farm families.

- . High-Tech Financial Assistance -- Working with the University of Nebraska and a range of technological experts, Extension Service, USDA, funded a special project involving interactive video disc technology connected with microcomputers in order to create an "interactive video" program on financial management for farmers. The program will instruct producers--through text, sound and video--how to construct a cash-flow projection for their own individual farm for use with lenders in applying for loans. Farmers will be able to use the program alone and tailor it to their own personal needs.

- . National Workshop on Response to the Farm Crisis -- In cooperation with the University of Missouri, Extension Service, USDA, sponsored a national workshop in October 1985 for 100 farm management specialists from 44 states across the country. The workshop focused on sharing ideas, programs, and methods for dealing more effectively with the Nation's financially distressed farm families in the months ahead.

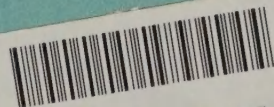
- . Regional Sharing of Ideas and Resource Materials--Family resource management specialists in 11 midwestern states have formed an information network to share ideas and materials aimed at helping farm families in distress. This linking of programming efforts has reduced duplication of efforts and strengthened capacity to quickly meet the needs of farm families.

- . FmHA and FCIC Cooperative Efforts -- Cooperative efforts with FmHA and FCIC have been carried out to strengthen and expand programs for assisting farmers with financial problems. Memorandums of understanding with these agencies were implemented to facilitate operation of cooperative programs. During the 1985 winter and spring period, Extension personnel across the

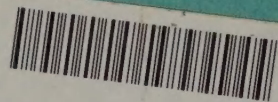
country assisted farmers in preparing cash flow projections and in preparation of FmHA loan applications. Extension also conducted training programs for FmHA personnel at the national and state levels. Assisting producers to understand and utilize risk management strategies has been the focus of a number of special projects jointly conducted by Extension and FCIC. These special projects gave particular attention to the possible use of crop insurance to provide protection for a farmer's minimum cash flow needs, and for protection against catastrophic financial losses.

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